

VZCZCXRO2218
RR RUEHMA RUEHPA
DE RUEHCO #0447 1721443
ZNR UUUUU ZZH
R 211443Z JUN 07
FM AMEMBASSY COTONOU
TO RUEHC/SECSTATE WASHDC 9597
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHLMC/MILLENIUM CHALLENGE CORP WASHDC
RUEHFR/AMEMBASSY PARIS 1110
RUEHDK/AMEMBASSY DAKAR 1366
RUEHLO/AMEMBASSY LONDON 0317
RUEHKM/AMEMBASSY KAMPALA 0144

UNCLAS COTONOU 000447

SIPDIS

SENSITIVE

SIPDIS

DEPT FOR AF/EPS: KRZYWDA, AF/W:BANKS, EB/TPP/ABT:LERSTEN
DEPT PASS TO COMMERCE: MD'ANDREA AND USTR: AHEYLIGER/LAGAMA
PARIS FOR D'ELIA
DAKAR FOR FCS AND FAS
KAMPALA FOR FLINTROP
LONDON FOR HAHN

E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [PGOV](#) [BN](#)

SUBJECT: BENIN: GOVERNMENT TIGHTENS REGULATION OF GLOBAL SATELLITE
MESSAGING (GSM) PROVIDERS

REF: COTONOU 440

11. (SBU) SUMMARY: As part of an ongoing effort to rein in the country's freewheeling cell phone industry, the Government of Benin announced on June 20 that two major global satellite messaging (GSM) service providers would face revocation of their operating licenses if they did not immediately conform to new regulations. Recent measures to regulate the cell phone service industry more strictly include a sharp increase in fees, stricter regulation of name changes, and suspension of certain services. President Yayi and the new government he appointed on June 17 (REFTEL) appear to be sending a message that they will not tolerate what they see as corrupt or shady business practices. END SUMMARY.

12. On June 20, two newly-appointed Ministers (Communications and New Technology Minister Desire Adadja and Institutional Relations and Government Spokesman Alexandre Hountondji) announced that two major Beninese GSM service providers, Moov (formerly Telecel) and MTN (formerly Areeba), would have their operating licenses suspended within twenty-four hours if they did not immediately conform with relevant laws and regulations. In particular, the GOB expressed concern over the frequent name changes of GSM companies. The government says the name changes are often done without the required paperwork being filed and may be undertaken to help mask illegal activity. Another recent regulation was the government's June 6 decision to increase the licensing fees for GSM providers from USD 1.02 million (5 billion Francs CFA) to USD 6.12 million (30 billion Francs CFA). The new fees are to be paid in full and in cash. GSM providers already operating in the country are required to pay the difference between whatever fees they have already paid when they began operating and the current amount. Depending on when the operator began business, the fees they have already paid would range between \$240,000 and \$1.02 million.

13. The GoB's crackdown on mobile phone services began after a GoB-commissioned report in late 2006 found that GSM providers operating in Benin were making huge profits while avoiding paying fees and ignoring regulations. On January 18, 2007, the GOB suspended certain services, such as Voice-Over-Internet Protocol (VoIP), WiFi (Wireless Fidelity), WiMAX (Worldwide Interoperability for Microwave Access) and Asymmetric Digital Subscriber Lines (ADSL), on the grounds that the GSM service providers had offered these services without prior authorization and licensing by the GOB.

¶4. Many mission employees use Moov and Areeba for cell phone service. Post management has obtained a number of alternate cell phone numbers for certain key employees with unaffected GSM providers, in case Moov and Areeba see their service suspended. These numbers have been provided to the Ops Center.

¶5. (SBU) COMMENT: The GOB's announcement represents its latest effort to reign in what many believe is a free-wheeling and scofflaw cell phone service industry. Specifically, the GOB says it wants to bring licensing fees paid by the companies to a level similar to that paid in other countries in the region, and to insure that the companies have sufficient capacity to guarantee good quality service and future investment in Benin. In addition, President Yayi and his newly-formed government may be attempting to send a clear and unequivocal message that corruption, flaunting of existing laws and regulations, and shady business practices will not be tolerated.
END COMMENT.

BROWN